

HOUSE BILL 1287

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CF SB 867

By: Delegates Waldstreicher, B. Barnes, Beidle, Brooks, Carr, Ebersole, Fraser-Hidalgo, Gutierrez, Haynes, Hettleman, Hixson, Kelly, Korman, Lafferty, Lam, Luedtke, Moon, Morhaim, Pena-Melnyk, Platt, Reznik, S. Robinson, Rosenberg, Smith, Valderrama, A. Washington, and M. Washington

Introduced and read first time: February 12, 2016

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Renewable Energy Portfolio Standard – Eligible Sources**

3 FOR the purpose of prohibiting certain Tier 1 renewable sources from being eligible for
4 inclusion in meeting the renewable energy portfolio standard on and after a certain
5 date; authorizing renewable energy credits generated from certain Tier 1 renewable
6 sources before a certain date to be eligible for inclusion in meeting the renewable
7 energy portfolio standard in accordance with a certain provision of law; altering the
8 definition of “geothermal heating and cooling system”; providing for the application
9 of this Act; and generally relating to the renewable energy portfolio standard.

10 BY repealing and reenacting, without amendments,
11 Article – Public Utilities
12 Section 7–701(a) and (r) and 7–709(d)
13 Annotated Code of Maryland
14 (2010 Replacement Volume and 2015 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Public Utilities
17 Section 7–701(d) and 7–704(a)
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2015 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
21 That the Laws of Maryland read as follows:

22 **Article – Public Utilities**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 7-701.

2 (a) In this subtitle the following words have the meanings indicated.

3 (d) "Geothermal heating and cooling system" means a system that:

4 (1) exchanges thermal energy from groundwater or a shallow ground
5 source to generate thermal energy through a geothermal heat pump or a system of
6 geothermal heat pumps interconnected with any geothermal extraction facility that is:

7 (i) a closed loop or a series of closed loop systems in which fluid is
8 permanently confined within a pipe or tubing and does not come in contact with the outside
9 environment; or

10 (ii) an open loop system in which ground or surface water is
11 circulated in an environmentally safe manner directly into the facility and returned to the
12 same aquifer or surface water source;

13 (2) meets or exceeds the current federal Energy Star product specification
14 standards;

15 (3) replaces or displaces inefficient space or water heating systems whose
16 primary fuel is electricity or a [nonnatural gas] **COMBUSTION-BASED** fuel source;

17 (4) replaces or displaces inefficient space cooling systems that do not meet
18 federal Energy Star product specification standards;

19 (5) is manufactured, installed, and operated in accordance with applicable
20 government and industry standards; and

21 (6) does not feed electricity back to the grid.

22 (r) "Tier 1 renewable source" means one or more of the following types of energy
23 sources:

24 (1) solar energy, including energy from photovoltaic technologies and solar
25 water heating systems;

26 (2) wind;

27 (3) qualifying biomass;

28 (4) methane from the anaerobic decomposition of organic materials in a
29 landfill or wastewater treatment plant;

30 (5) geothermal, including energy generated through geothermal exchange
31 from or thermal energy avoided by, groundwater or a shallow ground source;

(6) ocean, including energy from waves, tides, currents, and thermal differences;

(7) a fuel cell that produces electricity from a Tier 1 renewable source under item (3) or (4) of this subsection;

(8) a small hydroelectric power plant of less than 30 megawatts in capacity that is licensed or exempt from licensing by the Federal Energy Regulatory Commission;

(9) poultry litter-to-energy;

(10) waste-to-energy;

(11) refuse-derived fuel; and

(12) thermal energy from a thermal biomass system.

7-704.

(a) (1) Energy from a Tier 1 renewable source:

(i) is eligible for inclusion in meeting the renewable energy portfolio standard regardless of when the generating system or facility was placed in service; and

(ii) may be applied to the percentage requirements of the standard for either Tier 1 renewable sources or Tier 2 renewable sources.

(2) (i) **[Energy] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, ENERGY** from a Tier 1 renewable source under § 7-701(r)(1), (5), (9), (10), or (11) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard only if the source is connected with the electric distribution grid serving Maryland.

(ii) If the owner of a solar generating system in this State chooses to sell solar renewable energy credits from that system, the owner must first offer the credits for sale to an electricity supplier or electric company that shall apply them toward compliance with the renewable energy portfolio standard under § 7-703 of this subtitle.

(3) Energy from a Tier 1 renewable source under § 7-701(r)(8) of this subtitle is eligible for inclusion in meeting the renewable energy portfolio standard if it is generated at a dam that existed as of January 1, 2004, even if a system or facility that is capable of generating electricity did not exist on that date.

(4) **(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, ON OR AFTER JANUARY 1, 2018, ENERGY FROM A TIER 1 RENEWABLE SOURCE UNDER § 7-701(R)(3), (4), (7), (9), (10), (11), OR (12) OF THIS SUBTITLE IS**

1 NOT ELIGIBLE FOR INCLUSION IN MEETING THE RENEWABLE ENERGY PORTFOLIO
2 STANDARD.

3 (II) A RENEWABLE ENERGY CREDIT GENERATED FROM A TIER 1
4 RENEWABLE SOURCE UNDER § 7-701(R)(3), (4), (7), (9), (10), (11), OR (12) OF THIS
5 SUBTITLE BEFORE JANUARY 1, 2017, IS ELIGIBLE FOR INCLUSION IN MEETING THE
6 RENEWABLE ENERGY PORTFOLIO STANDARD IN ACCORDANCE WITH § 7-709(D) OF
7 THIS SUBTITLE.

8 (5) Energy from a Tier 2 renewable source under § 7-701(s) of this subtitle
9 is eligible for inclusion in meeting the renewable energy portfolio standard through 2018 if
10 it is generated at a system or facility that existed and was operational as of January 1,
11 2004, even if the facility or system was not capable of generating electricity on that date.
12 7-709.

13 (d) (1) Except as authorized under paragraph (2) of this subsection, a
14 renewable energy credit shall exist for 3 years from the date created.

15 (2) A renewable energy credit may be diminished or extinguished before
16 the expiration of 3 years by:

17 (i) the electricity supplier that received the credit;

18 (ii) a nonaffiliated entity of the electricity supplier:

19 1. that purchased the credit from the electricity supplier
20 receiving the credit; or

21 2. to whom the electricity supplier otherwise transferred the
22 credit; or

23 (iii) demonstrated noncompliance by the generating facility with the
24 requirements of § 7-704(f) of this subtitle.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
26 apply only prospectively and may not be applied or interpreted to have any effect on or
27 application to any contract for renewable energy credits that existed before the effective
28 date of this Act.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2016.



Climate & Energy Solutions for Maryland: We Need CLEAN Renewable Energy



- Maryland needs to transition from polluting energy sources based on combustion to clean renewable energy like wind and solar.
- Maryland's Renewable Portfolio Standard (RPS) has helped launch the growing solar and wind industries in Maryland, but the policy also provides incentives to some combustion technologies, including trash incineration, paper mill waste, and chicken manure.
- The RPS should no longer incentivize these combustion sources that pollute the air, emit greenhouse gases thus contributing to global warming, and clog the path to more clean energy.
- In 2016, Maryland should commit to a clean, renewable energy future. The state's Renewable Portfolio Standard (RPS) should be updated so that it only provides financial incentives for clean energy (like wind and solar).
- Additionally, the RPS should be updated to increase the state's renewable energy goal to 25% by 2020. This alone will result in Maryland obtaining more of its energy from clean sources like wind and solar.

Let's Make 2016 a Turning Point in Maryland for Fighting Climate Change

In Maryland, “renewable” energy is not always clean energy.

Today, over half of Maryland’s renewable energy is produced by combustion (burning black liquor, trash, wood, poultry manure, and landfill gas). These energy sources release carbon dioxide and other pollutants into our atmosphere, harming our climate and our citizens’ health. For example:

- **Black liquor** incineration produces sulfur dioxide, arsenic, and lead at levels as high as fossil fuels.
- **Trash incinerators** emit more dioxin, mercury, nitrogen oxide, lead, and carbon dioxide than fossil fuel plants. We need to get better at solving our trash problems through recycling, composting, and waste reduction.
- **Woody biomass incinerators** produce energy not only from waste wood but also from whole trees and forests. This turns a carbon sink into a carbon emitter. Obtaining just 4% of our electricity from burning trees would use up 70% of our nation’s entire timber harvest.

CLEAN ENERGY is good for our health

Currently, 85% of Marylanders live in areas that don’t meet federal air quality standards. 20% of Baltimore children have asthma; that’s twice the national average. Solar and wind produce electricity without adding any air pollution.

... good for our economy

The Maryland solar industry already employs over 2000 people across 30 companies. Shifting RPS incentives to clean sources could create 1,000 megawatts of new capacity and as many as 4,000 jobs in our region.

... and is increasingly affordable

Average solar prices have fallen 63% since 2010 as U.S. installations have increased by 600%. Wholesale wind now costs only 2.35 cents a kilowatt, the lowest it has ever been. And utility scale solar projects are now below the cost of coal and gas in dollars per megawatt hour.

For more information or to volunteer, contact us:

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